

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 STR-04 XMB-02
AID-05 CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 /060 R

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-----080635Z 106361 /20

R 072222Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY PARIS
INFO AMEMBASSY THE HAGUE
AMEMBASSY COPENHAGEN

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PARIS FOR OECD

E.O. 11652:N/A

TAGS: ETRD, OECD, NL, DA

SUBJECT: TCWP ON DUTCH AND DANISH EXPORT FACILITIES

REF: PARIS (USOECD) 16196

1. WE WOULD PREFER TO VOICE NO FIRM OPINION CONCERNING THE
CONFORMITY OF THE TWO SCHEMES WITH THE TRADE PLEDGE UNTIL
AFTER THE TCWP HAS EXAMINED THEM. US REP., HOWEVER,
SHOULD ASK BOTH THE DUTCH AND THE DANES TO EXPLAIN HOW
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THEY PERCEIVE THE RELATIONSHIP BETWEEN THE TRADE PLEDGE
AND THEIR PROGRAMS.

2. THERE DOES NOT APPEAR TO BE ANY DIRECT VIOLATION OF THE
EXPORT CREDIT CONSENSUS IN THE OPERATION OF THE DANISH
PLAN. MORE INFORMATION IS NEEDED TO DETERMINE CONFORMITY
OF THE DUTCH PROGRAM. HOWEVER, THE DECISION BY THESE

TWO COUNTRIES TO RESPOND TO SUBSIDIZATION WITH MORE SUBSIDIZATION CERTAINLY RUNS COUNTER TO THE SPIRIT OF THE CONSENSUS, WHICH IS DESIGNED TO BRING TO AN END SUBSIDY COMPETITION IN THIS VERY IMPORTANT AREA.

3. IF APPROPRIATE, US REP MAY WISH TO ASK FOLLOWING QUESTIONS:

NETHERLANDS:

-- IN VIEW OF ITS PAST EXPRESSIONS OF HOPE THAT IT WOULD BE A "ONE TIME" FACILITY, WHY DID THE NETHERLANDS GOVERNMENT DECIDE TO CONTINUE THE USE OF THIS FUND?

-- WHAT IS THE GUILDER AMOUNT OF GRANTS TO DUTCH FIRMS TO DATE UNDER THE FACILITY?

-- COULD THE DUTCH DELEGATE GIVE EXAMPLES OF DISTORTIVE PRACTICES WHICH HAVE BEEN FOUND TO EXIST AND HAVE TRIGGERED USE OF THE FUND?

-- PREVIOUS STATEMENTS BY DUTCH REPRESENTATIVES HAVE INDICATED THAT, WHILE THE FUND IS NOT AVAILABLE FOR MATCHING DISTORTIVE PRACTICES OCCURRING IN INTRA-EC TRADE, IT COULD POSSIBLY BE USED TO MEET SUBSIDIZED COMPETITION FROM EXPORTERS IN OTHER EC MEMBER STATES REGARDING CONTRACTS IN THIRD COUNTRIES. WOULD THE DUTCH DELEGATE PROVIDE DETAILS ON ANY INSTANCES IN WHICH THE FUND HAS BEEN USED FOR THIS PURPOSE?
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-- IS THE NEED TO INCREASE EMPLOYMENT IN THE RECIPIENT FIRM STILL A CRITERION FOR RECEIPT OF FUNDS?

-- IS IT POSSIBLE THAT THE "BLENDED RATE" OF INTEREST ON A TRANSACTION INCLUDING BOTH COMMERCIAL CREDITS AND GRANTS UNDER THE PROGRAM WILL FALL BELOW THE GUIDELINES ESTABLISHED IN THE EXPORT CREDIT CONSENSUS?

DENMARK:

-- HAVE THERE YET BEEN ANY TRANSACTIONS UNDER THE PROGRAM? IF SO, HOW MUCH HAS BEEN SPENT OR COMMITTED?

-- COULD THE DANISH REPRESENTATIVE GIVE SOME EXAMPLES OF THE SORT OF "OFFICIALLY SUBSIDIZED COMPETITION THAT WOULD TRIGGER OPERATION OF THE PROGRAM?

-- WHAT COUNTRIES ARE ELIGIBLE FOR THE GRANTS? ARE OPEC

MEMBERS ELIGIBLE?

-- ARE THE GRANTS "TIED", EITHER TO THE TRANSACTION WHICH TRIGGERS THEM OR TO THE PURCHASE OF OTHER GOODS AND SERVICES OF DANISH ORIGIN?

-- WHAT ARE THE "EXISTING DANISH EXPORT SCHEMES" REFERRED TO IN THE NOTIFICATION?

-- IN DECIDING TO IMPLEMENT THIS PROGRAM, DID THE DANISH AUTHORITIES TAKE INTO CONSIDERATION THE CONSEQUENCES FOR DENMARK AND FOR THE TRADING SYSTEM IN GENERAL SHOULD PROGRAMS OF THIS TYPE, IN WHICH THE GRANTING OF AID IS MADE ENTIRELY DEPENDENT UPON COMMERCIAL CONSIDERATIONS, PROLIFERATE AMONG INDUSTRIALIZED COUNTRIES?

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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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